

AMENDED IN ASSEMBLY JANUARY 7, 2008

AMENDED IN ASSEMBLY APRIL 23, 2007

AMENDED IN ASSEMBLY FEBRUARY 1, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## ASSEMBLY BILL

**No. 69**

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**Introduced by Assembly Member Lieu**

December 4, 2006

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~~An act to add Division 21 (commencing with Section 60000), Division 22 (commencing with Section 70000), and Division 23 (commencing with Section 80000) to, and to repeal Division 3 (commencing with Section 12000) of, the Financial Code, relating to debt, and making an appropriation therefor. An act to amend Sections 5310 and 22715 of, and to add Sections 1934.5, 5205.7, 14255.5, 22159.5, and 50307.1 to, the Financial Code, relating to mortgage lending.~~

### LEGISLATIVE COUNSEL'S DIGEST

AB 69, as amended, Lieu. ~~Debt management and settlement: credit counselors.~~ *Mortgage lending: reporting.*

*(1) Existing law provides for the regulation of state commercial and industrial banks, savings associations, and credit unions by the Commissioner of the Department of Financial Institutions. Existing law requires those banks, savings associations, and credit unions to submit specified reports to the commissioner. Existing law provides for specified penalties for a violation thereof.*

*This bill would require the entities described above, if servicing or originating loans secured by real property, to report to the commissioner monthly with specified information related to different types of loans*

*serviced or originated by those entities, including whether the loans are past due, in foreclosure, or have been modified. The bill would require the Department of Financial Institutions to make information on these reports available on its Internet Web site and to the Legislature, as specified. The bill would make those entities that fail to submit those reports subject to the penalties described above, as applied respectively.*

*(2) Existing law provides for the regulation and licensure of finance lenders and brokers by the Commissioner of Corporations. Existing law requires a licensee to submit specified reports to the commissioner. Existing law provides for the suspension or revocation of the license of any licensee that fails to submit those reports.*

*Existing law provides for the regulation and licensure of residential mortgage lenders and residential mortgage loan services by the Commissioner of Corporations. Existing law requires a licensee to submit specified reports to the commissioner. Existing law provides for specified penalties against a licensee that fails to submit those reports and authorizes the commissioner to examine the books, records, and affairs of a licensee for failure to submit the reports.*

*This bill would require the licensees described above to report to the commissioner monthly with specified information related to different types of loans serviced or originated by those licensees, including whether the loans are past due, in foreclosure, or have been modified. The bill would require the Department of Corporations to make information on these reports available on its Internet Web site and to the Legislature, as specified. The bill would make a licensee that fails to submit those reports subject to the penalties described above, as applied respectively.*

~~Existing law, the Check Sellers, Bill Payers and Proraters Law, provides for the licensure and regulation by the Commissioner of Corporations of persons engaged in, among other activities, the business of receiving money as an agent of the obligor for the purpose of paying bills, invoices, or accounts for the obligor. This law exempts from its requirements a nonprofit community service organization that meets specified requirements, including having consumer credit education and counseling as its principal functions. Under this law, the exemption becomes inoperative upon enactment of a statute requiring licensure and regulation of a nonprofit community organization providing consumer credit counseling.~~

~~This bill would repeal the Check Sellers, Bill Payers and Proraters Law.~~

~~The bill would enact the Uniform Debt Settlement Services Act and would, commencing June 1, 2008, provide for the registration and regulation by the commissioner of providers, defined as persons who provide, offer to provide, or agree to provide debt settlement services, as defined, directly or through others. The bill would require a provider to submit specified fees and an application for registration with the commissioner under penalty of perjury. The bill would create the Debt Settlement Services Fund, which would be continuously appropriated for the purposes of administering the act, and would require all fees collected by the commission to be deposited in the fund. The bill would specify the conditions under which the commissioner may issue or deny registration as a provider, would require renewal of a provider's registration on an annual basis, and would require a provider to satisfy certain requirements before entering into an agreement with an individual for the provision of debt settlement services, including providing specified disclosures. The bill would require an agreement for debt settlement services to contain specified terms and would impose limits on the fees charged by providers. The bill would prohibit providers from engaging in specified practices. The bill would authorize the commissioner to take enforcement actions against a provider for violations of the bill's provisions and would also authorize an injured individual to recover specified damages from a provider that violates the bill's provisions.~~

~~The bill would also enact the Debt Management Act and would, commencing June 1, 2008, provide for the licensure and regulation by the commissioner of providers of debt management services, defined as persons who solicit debt management service business within this state, and in connection with that solicitation and in return for a fee, as specified, provide debt management services, as defined, to a consumer residing in this state. The bill would require an applicant for licensure to submit fees, as determined by the commissioner, and an application to the commissioner. The bill would create the Debt Management Fund, which would be continuously appropriated for the purposes of administering the act, and would require all fees collected by the commissioner to be deposited in the fund. The bill would also require, at the time of filing the application, an applicant to provide the commissioner with a cash or surety bond, cash, a certificate of deposit, or government bonds for \$25,000. The bill would require licensees to deposit in a trust account, as specified, all funds received from or on behalf of a consumer for payment to a creditor and would impose various~~

requirements on licensees with respect to the maintenance of those trust accounts. The bill would require consumers and licensees to execute a specified written agreement prior to the licensee performing debt management services and would require the licensee to provide that completed written agreement to the consumer. The bill would authorize the commissioner or an aggrieved consumer to take specified enforcement actions against a licensee for a violation of the act's provisions.

The bill would also enact the Credit Counselors Law and would, commencing June 1, 2008, provide for the licensure and regulation by the commissioner of agencies, defined as a nonprofit community service organization that meets specified criteria, including providing consumer credit education and counseling and arranging and administering debt management plans and debt settlement plans. The bill would prescribe the requirements for licensure, including establishment of a trust account and payment of a specified fee, and the grounds for denial of a license. The bill would impose various requirements on licensees, including maintaining of a surety bond, limiting the fees the licensee may charge the consumer, requiring the licensee to adopt and implement best practices, and requiring specified disclosures and notices. The bill would require the licensee to pay an annual assessment to the commissioner for administration of the licensure law and would authorize specified enforcement actions for violations of the law. The bill would require a licensee to submit audited financial statements, with a specified declaration signed under penalty of perjury, to the commissioner annually.

Because the bill would expand the crime of perjury, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: *yes-no*. Fiscal committee: *yes*. State-mandated local program: *yes-no*.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 1934.5 is added to the Financial Code,  
2     to read:

1     1934.5. (a) Any bank that services or originates loans secured  
2 by real property shall file a report with the commissioner monthly  
3 that contains all of the following and any other information  
4 requested by the commissioner:

5     (1) The total number of loans serviced.

6     (2) Serviced loans originated and funded by an unaffiliated  
7 party.

8     (3) Serviced loans where the originator or funding party is  
9 affiliated with the licensee.

10    (4) Serviced loans secured by owner-occupied residences.

11    (5) Serviced loans for investment or second residence properties.

12    (6) Loans serviced or originated that are secured by a first  
13 mortgage only.

14    (7) Loans serviced or originated that are secured by a second  
15 mortgage only.

16    (8) Loans serviced or originated that are secured by both a first  
17 and second

18 mortgage.

19    (9) Prime loans serviced or originated in the following  
20 categories:

21    (A) Fixed rate, fully amortizing.

22    (B) Hybrid adjustable rate mortgages.

23    (C) Adjustable rate, fully amortizing.

24    (D) Loans with interest only features.

25    (E) Payment option adjustable rate mortgages and other loans  
26 with negative amortization features.

27    (F) Other real property loans that are not subprime loans under  
28 paragraph (10).

29    (10) Subprime loans serviced or originated in the following  
30 categories:

31    (A) Fixed rate, fully amortizing.

32    (B) Hybrid adjustable rate mortgages.

33    (C) Adjustable rate, fully amortizing.

34    (D) Loans with interest only features.

35    (E) Payment option adjustable rate mortgages and other loans  
36 with negative amortization features.

37    (F) Other real property loans that are not prime loans under  
38 paragraph (9).

39    (11) The following information for prime loans, subprime loans,  
40 and alternative mortgage loans serviced or originated:

- 1     (A) *Loans 30 to 59 days past due.*
- 2     (B) *Loans 60 to 89 days past due.*
- 3     (C) *Loans 90 days or more past due.*
- 4     (D) *Loans described in subparagraph (A), (B), or (C) that have*  
5 *been modified in the last 12 months.*
- 6     (E) *Loans in the process of foreclosure.*
- 7     (F) *Loans where notice of default has been sent.*
- 8     (G) *Loans where formal foreclosure proceedings have been*  
9 *started.*
- 10    (H) *Loans where foreclosure proceedings have been completed.*
- 11    (I) *Loans that entered delinquency within three payments of an*  
12 *interest rate increase.*
- 13    (12) *The following loss mitigation efforts that are in process or*  
14 *are closed relative to mortgage loans serviced or originated:*
- 15      (A) *Deeds in lieu.*
- 16      (B) *Short sales.*
- 17      (C) *Forbearances.*
- 18      (D) *Repayment plans.*
- 19      (E) *Refinances or paid in full.*
- 20      (F) *Reinstatement by an account becoming current.*
- 21      (G) *Modification by principal reduction or by interest rate or*  
22 *term of debt modification.*
- 23    (13) *Whether a prepayment penalty was waived for any loss*  
24 *mitigation action under paragraph (12).*
- 25    (14) *Information on closed loan modifications under paragraph*  
26 *(12), including the following:*
- 27      (A) *The duration of the modification relative to the life of the*  
28 *loan.*
- 29      (B) *The types of modifications closed.*
- 30      (C) *Modifications by freezing the interest rate at the initial or*  
31 *start rate.*
- 32      (D) *Modifications by reducing the interest rate below the initial*  
33 *or start rate.*
- 34      (E) *Modifications by reducing the interest rate below the*  
35 *scheduled adjustable rate increase (reset) but above the initial or*  
36 *start rate.*
- 37      (F) *Modifications with extension of the term of the loan.*
- 38      (G) *Modifications with reduction in principal balance.*
- 39      (H) *Modifications using a combination of the methods described*  
40 *in this paragraph.*

1     (I) Any other types of modifications.

2     (b) A summation of all reports made to the commissioner  
3 pursuant to subdivision (a) shall be posted on the department's  
4 Internet Web site and the full data shall be made available to the  
5 Legislature upon request.

6     (c) A bank that fails to report under subdivision (a) shall be  
7 subject to Section 1938.

8     SEC. 2. Section 5205.7 is added to the Financial Code, to read:

9     5205.7. (a) Any savings association that services or originates  
10 loans secured by real property shall file a report with the  
11 commissioner monthly that contains all of the following and any  
12 other information requested by the commissioner:

13     (1) The total number of loans serviced.

14     (2) Serviced loans originated and funded by an unaffiliated  
15 party.

16     (3) Serviced loans where the originator or funding party is  
17 affiliated with the licensee.

18     (4) Serviced loans secured by owner-occupied residences.

19     (5) Serviced loans for investment or second residence properties.

20     (6) Loans serviced or originated that are secured by a first  
21 mortgage only.

22     (7) Loans serviced or originated that are secured by a second  
23 mortgage only.

24     (8) Loans serviced or originated that are secured by both a first  
25 and second mortgage.

26     (9) Prime loans serviced or originated in the following  
27 categories:

28     (A) Fixed rate, fully amortizing.

29     (B) Hybrid adjustable rate mortgages.

30     (C) Adjustable rate, fully amortizing.

31     (D) Loans with interest only features.

32     (E) Payment option adjustable rate mortgages and other loans  
33 with negative amortization features.

34     (F) Other real property loans that are not subprime loans under  
35 paragraph (10).

36     (10) Subprime loans serviced or originated in the following  
37 categories:

38     (A) Fixed rate, fully amortizing.

39     (B) Hybrid adjustable rate mortgages.

40     (C) Adjustable rate, fully amortizing.

- 1     (D) Loans with interest only features.
- 2     (E) Payment option adjustable rate mortgages and other loans
- 3     with negative amortization features.
- 4     (F) Other real property loans that are not prime loans under
- 5     paragraph (9).
- 6     (11) The following information for prime loans, subprime loans,
- 7     and alternative mortgage loans serviced or originated:
- 8     (A) Loans 30 to 59 days past due.
- 9     (B) Loans 60 to 89 days past due.
- 10    (C) Loans 90 days or more past due.
- 11    (D) Loans described in subparagraph (A), (B), or (C) that have
- 12    been modified in the last 12 months.
- 13    (E) Loans in the process of foreclosure.
- 14    (F) Loans where notice of default has been sent.
- 15    (G) Loans where formal foreclosure proceedings have been
- 16    started.
- 17    (H) Loans where foreclosure proceedings have been completed.
- 18    (I) Loans that entered delinquency within three payments of an
- 19    interest rate increase.
- 20    (12) The following loss mitigation efforts that are in process or
- 21    are closed relative to mortgage loans serviced or originated:
- 22    (A) Deeds in lieu.
- 23    (B) Short sales.
- 24    (C) Forbearances.
- 25    (D) Repayment plans.
- 26    (E) Refinances or paid in full.
- 27    (F) Reinstatement by an account becoming current.
- 28    (G) Modification by principal reduction or by interest rate or
- 29    term of debt modification.
- 30    (13) Whether a prepayment penalty was waived for any loss
- 31    mitigation action under paragraph (12).
- 32    (14) Information on closed loan modifications under paragraph
- 33    (12), including the following:
- 34    (A) The duration of the modification relative to the life of the
- 35    loan.
- 36    (B) The types of modifications closed.
- 37    (C) Modifications by freezing the interest rate at the initial or
- 38    start rate.
- 39    (D) Modifications by reducing the interest rate below the initial
- 40    or start rate.



1 (E) Modifications by reducing the interest rate below the  
2 scheduled adjustable rate increase (reset) but above the initial or  
3 start rate.

4 (F) Modifications with extension of the term of the loan.

5 (G) Modifications with reduction in principal balance.

6 (H) Modifications using a combination of the methods described  
7 in this paragraph.

8 (I) Any other types of modifications.

9 (b) A summation of all reports made to the commissioner  
10 pursuant to subdivision (a) shall be posted on the department's  
11 Internet Web site and the full data shall be made available to the  
12 Legislature upon request.

13 (c) A savings association that fails to report under subdivision  
14 (a) shall be subject to Section 5310.

15 SEC. 3. Section 5310 of the Financial Code is amended to  
16 read:

17 5310. (a) Any person violating or conspiring to violate Sections  
18 5205.7, 5303, 5304, 5305, or 5306 shall be subject to a civil penalty  
19 in an amount assessed by the court in a civil action under this  
20 section.

21 (b) The maximum amount of the penalty which may be imposed  
22 under this section shall be determined in accordance with the  
23 following:

24 (1) Except as provided by paragraphs (2) and (3), the civil  
25 penalty shall not exceed one million dollars (\$1,000,000).

26 (2) In the case of a continuing violation, the amount of the civil  
27 penalty may exceed the amount described in paragraph (1), but  
28 may not exceed the lesser of one million dollars (\$1,000,000) for  
29 each day the violation continues or five million dollars  
30 (\$5,000,000).

31 (3) If any person derives pecuniary gain from the violation, or  
32 if the violation results in pecuniary loss to a person other than the  
33 violator, the amount of the civil penalty may exceed the amounts  
34 described in paragraphs (1) and (2) but may not exceed the amount  
35 of that gain or loss.

36 (c) A civil action to recover a civil penalty under this section  
37 shall be brought in the name of the people of the State of California  
38 by the Attorney General, who shall be required to establish the  
39 right to recovery by a preponderance of the evidence.

(d) For the purpose of conducting a civil investigation in contemplation of proceeding under this section, the Attorney General may do all of the following:

- (1) Administer oaths and affirmations.
- (2) Take evidence.
- (3) By subpoena or subpoena duces tecum, summon witnesses and require the production of any books, papers, correspondence, memoranda, or other records which the Attorney General deems relevant or material to the inquiry.

*SEC. 4. Section 14255.5 is added to the Financial Code, to read:*

*14255.5. (a) Any credit union that services or originates loans secured by real property shall file a report with the commissioner monthly that contains all of the following and any other information requested by the commissioner:*

- (1) The total number of loans serviced.*
- (2) Serviced loans originated and funded by an unaffiliated party.*
- (3) Serviced loans where the originator or funding party is affiliated with the licensee.*
- (4) Serviced loans secured by owner-occupied residences.*
- (5) Serviced loans for investment or second residence properties.*
- (6) Loans serviced or originated that are secured by a first mortgage only.*
- (7) Loans serviced or originated that are secured by a second mortgage only.*
- (8) Loans serviced or originated that are secured by both a first and second mortgage.*
- (9) Prime loans serviced or originated in the following categories:*
  - (A) Fixed rate, fully amortizing.*
  - (B) Hybrid adjustable rate mortgages.*
  - (C) Adjustable rate, fully amortizing.*
  - (D) Loans with interest only features.*
  - (E) Payment option adjustable rate mortgages and other loans with negative amortization features.*
  - (F) Other real property loans that are not subprime loans under paragraph (10).*
- (10) Subprime loans serviced or originated in the following categories:*

- 1 (A) *Fixed rate, fully amortizing.*
- 2 (B) *Hybrid adjustable rate mortgages.*
- 3 (C) *Adjustable rate, fully amortizing.*
- 4 (D) *Loans with interest only features.*
- 5 (E) *Payment option adjustable rate mortgages and other loans*
- 6 *with negative amortization features.*
- 7 (F) *Other real property loans that are not prime loans under*
- 8 *paragraph (9).*
- 9 (11) *The following information for prime loans, subprime loans,*
- 10 *and alternative mortgage loans serviced or originated:*
- 11 (A) *Loans 30 to 59 days past due.*
- 12 (B) *Loans 60 to 89 days past due.*
- 13 (C) *Loans 90 days or more past due.*
- 14 (D) *Loans described in subparagraph (A), (B), or (C) that have*
- 15 *been modified in the last 12 months.*
- 16 (E) *Loans in the process of foreclosure.*
- 17 (F) *Loans where notice of default has been sent.*
- 18 (G) *Loans where formal foreclosure proceedings have been*
- 19 *started.*
- 20 (H) *Loans where foreclosure proceedings have been completed.*
- 21 (I) *Loans that entered delinquency within three payments of an*
- 22 *interest rate increase.*
- 23 (12) *The following loss mitigation efforts that are in process or*
- 24 *are closed relative to mortgage loans serviced or originated:*
- 25 (A) *Deeds in lieu.*
- 26 (B) *Short sales.*
- 27 (C) *Forbearances.*
- 28 (D) *Repayment plans.*
- 29 (E) *Refinances or paid in full.*
- 30 (F) *Reinstatement by an account becoming current.*
- 31 (G) *Modification by principal reduction or by interest rate or*
- 32 *term of debt modification.*
- 33 (13) *Whether a prepayment penalty was waived for any loss*
- 34 *mitigation action under paragraph (12).*
- 35 (14) *Information on closed loan modifications under paragraph*
- 36 *(12), including the following:*
- 37 (A) *The duration of the modification relative to the life of the*
- 38 *loan.*
- 39 (B) *The types of modifications closed.*

1 (C) Modifications by freezing the interest rate at the initial or  
2 start rate.

3 (D) Modifications by reducing the interest rate below the initial  
4 or start rate.

5 (E) Modifications by reducing the interest rate below the  
6 scheduled adjustable rate increase (reset) but above the initial or  
7 start rate.

8 (F) Modifications with extension of the term of the loan.

9 (G) Modifications with reduction in principal balance.

10 (H) Modifications using a combination of the methods described  
11 in this paragraph.

12 (I) Any other types of modifications.

13 (b) A summation of all reports made to the commissioner  
14 pursuant to subdivision (a) shall be posted on the department's  
15 Internet Web site and the full data shall be made available to the  
16 Legislature upon request.

17 (c) A credit union that fails to report under subdivision (a) shall  
18 be subject to Section 14256.

19 SEC. 5. Section 22159.5 is added to the Financial Code, to  
20 read:

21 22159.5. (a) Each licensee shall file a report with the  
22 commissioner monthly that contains all of the following and any  
23 other information requested by the commissioner:

24 (1) The total number of loans serviced.

25 (2) Serviced loans originated and funded by an unaffiliated  
26 party.

27 (3) Serviced loans where the originator or funding party is  
28 affiliated with the licensee.

29 (4) Serviced loans secured by owner-occupied residences.

30 (5) Serviced loans for investment or second residence properties.

31 (6) Loans serviced or originated that are secured by a first  
32 mortgage only.

33 (7) Loans serviced or originated that are secured by a second  
34 mortgage only.

35 (8) Loans serviced or originated that are secured by both a first  
36 and second mortgage.

37 (9) Prime loans serviced or originated in the following  
38 categories:

39 (A) Fixed rate, fully amortizing.

40 (B) Hybrid adjustable rate mortgages.

- 1 (C) *Adjustable rate, fully amortizing.*
- 2 (D) *Loans with interest only features.*
- 3 (E) *Payment option adjustable rate mortgages and other loans*
- 4 *with negative amortization features.*
- 5 (F) *Other real property loans that are not subprime loans under*
- 6 *paragraph (10).*
- 7 (10) *Subprime loans serviced or originated in the following*
- 8 *categories:*
- 9 (A) *Fixed rate, fully amortizing.*
- 10 (B) *Hybrid adjustable rate mortgages.*
- 11 (C) *Adjustable rate, fully amortizing.*
- 12 (D) *Loans with interest only features.*
- 13 (E) *Payment option adjustable rate mortgages and other loans*
- 14 *with negative amortization features.*
- 15 (F) *Other real property loans that are not prime loans under*
- 16 *paragraph (9).*
- 17 (11) *The following information for prime loans, subprime loans,*
- 18 *and alternative mortgage loans serviced or originated:*
- 19 (A) *Loans 30 to 59 days past due.*
- 20 (B) *Loans 60 to 89 days past due.*
- 21 (C) *Loans 90 days or more past due.*
- 22 (D) *Loans described in subparagraph (A), (B), or (C) that have*
- 23 *been modified in the last 12 months.*
- 24 (E) *Loans in the process of foreclosure.*
- 25 (F) *Loans where notice of default has been sent.*
- 26 (G) *Loans where formal foreclosure proceedings have been*
- 27 *started.*
- 28 (H) *Loans where foreclosure proceedings have been completed.*
- 29 (I) *Loans that entered delinquency within three payments of an*
- 30 *interest rate increase.*
- 31 (12) *The following loss mitigation efforts that are in process or*
- 32 *are closed relative to mortgage loans serviced or originated:*
- 33 (A) *Deeds in lieu.*
- 34 (B) *Short sales.*
- 35 (C) *Forbearances.*
- 36 (D) *Repayment plans.*
- 37 (E) *Refinances or paid in full.*
- 38 (F) *Reinstatement by an account becoming current.*
- 39 (G) *Modification by principal reduction or by interest rate or*
- 40 *term of debt modification.*

1     (13) Whether a prepayment penalty was waived for any loss  
2     mitigation action under paragraph (12).

3     (14) Information on closed loan modifications under paragraph  
4     (12), including the following:

5     (A) The duration of the modification relative to the life of the  
6     loan.

7     (B) The types of modifications closed.

8     (C) Modifications by freezing the interest rate at the initial or  
9     start rate.

10    (D) Modifications by reducing the interest rate below the initial  
11    or start rate.

12    (E) Modifications by reducing the interest rate below the  
13    scheduled adjustable rate increase (reset) but above the initial or  
14    start rate.

15    (F) Modifications with extension of the term of the loan.

16    (G) Modifications with reduction in principal balance.

17    (H) Modifications using a combination of the methods described  
18    in this paragraph.

19    (I) Any other types of modifications.

20    (b) A summation of all reports made to the commissioner  
21    pursuant to subdivision (a) shall be posted on the department's  
22    Internet Web site and the full data shall be made available to the  
23    Legislature upon request.

24    (c) A licensee that fails to file a report under subdivision (a)  
25    shall be subject to Section 22715.

26    SEC. 6. Section 22715 of the Financial Code is amended to  
27    read:

28    22715. The commissioner may by order summarily suspend  
29    or revoke the license of any licensee if that person fails to file the  
30    report required by Section 22159 or 22159.5 within 10 days after  
31    notice by the commissioner that the report is due and not filed. If,  
32    after an order is made, a request for hearing is filed in writing  
33    within 30 days and the hearing is not held within 60 days thereafter,  
34    the order is deemed rescinded as of its effective date.

35    SEC. 7. Section 50307.1 is added to the Financial Code, to  
36    read:

37    50307.1. (a) Each licensee shall file a report with the  
38    commissioner monthly that contains all of the following and any  
39    other information requested by the commissioner:

40    (1) The total number of loans serviced.

1     (2) *Serviced loans originated and funded by an unaffiliated*  
2 *party.*

3     (3) *Serviced loans where the originator or funding party is*  
4 *affiliated with the licensee.*

5     (4) *Serviced loans secured by owner-occupied residences.*

6     (5) *Serviced loans for investment or second residence properties.*

7     (6) *Loans serviced or originated that are secured by a first*  
8 *mortgage only.*

9     (7) *Loans serviced or originated that are secured by a second*  
10 *mortgage only.*

11     (8) *Loans serviced or originated that are secured by both a first*  
12 *and second mortgage.*

13     (9) *Prime loans serviced or originated in the following*  
14 *categories:*

15         (A) *Fixed rate, fully amortizing.*

16         (B) *Hybrid adjustable rate mortgages.*

17         (C) *Adjustable rate, fully amortizing.*

18         (D) *Loans with interest only features.*

19         (E) *Payment option adjustable rate mortgages and other loans*  
20 *with negative amortization features.*

21         (F) *Other real property loans that are not subprime loans under*  
22 *paragraph (10).*

23     (10) *Subprime loans serviced or originated in the following*  
24 *categories:*

25         (A) *Fixed rate, fully amortizing.*

26         (B) *Hybrid adjustable rate mortgages.*

27         (C) *Adjustable rate, fully amortizing.*

28         (D) *Loans with interest only features.*

29         (E) *Payment option adjustable rate mortgages and other loans*  
30 *with negative amortization features.*

31         (F) *Other real property loans that are not prime loans under*  
32 *paragraph (9).*

33     (11) *The following information for prime loans, subprime loans,*  
34 *and alternative mortgage loans serviced or originated:*

35         (A) *Loans 30 to 59 days past due.*

36         (B) *Loans 60 to 89 days past due.*

37         (C) *Loans 90 days or more past due.*

38         (D) *Loans described in subparagraph (A), (B), or (C) that have*  
39 *been modified in the last 12 months.*

40         (E) *Loans in the process of foreclosure.*

- 1     (F) Loans where notice of default has been sent.  
2     (G) Loans where formal foreclosure proceedings have been  
3     started.  
4     (H) Loans where foreclosure proceedings have been completed.  
5     (I) Loans that entered delinquency within three payments of an  
6     interest rate increase.  
7     (12) The following loss mitigation efforts that are in process or  
8     are closed relative to mortgage loans serviced or originated:  
9     (A) Deeds in lieu.  
10    (B) Short sales.  
11    (C) Forbearances.  
12    (D) Repayment plans.  
13    (E) Refinances or paid in full.  
14    (F) Reinstatement by an account becoming current.  
15    (G) Modification by principal reduction or by interest rate or  
16    term of debt modification.  
17    (13) Whether a prepayment penalty was waived for any loss  
18    mitigation action under paragraph (12).  
19    (14) Information on closed loan modifications under paragraph  
20    (12), including the following:  
21    (A) The duration of the modification relative to the life of the  
22    loan.  
23    (B) The types of modifications closed.  
24    (C) Modifications by freezing the interest rate at the initial or  
25    start rate.  
26    (D) Modifications by reducing the interest rate below the initial  
27    or start rate.  
28    (E) Modifications by reducing the interest rate below the  
29    scheduled adjustable rate increase (reset) but above the initial or  
30    start rate.  
31    (F) Modifications with extension of the term of the loan.  
32    (G) Modifications with reduction in principal balance.  
33    (H) Modifications using a combination of the methods described  
34    in this paragraph.  
35    (I) Any other types of modifications.  
36    (b) A summation of all reports made to the commissioner  
37    pursuant to subdivision (a) shall be posted on the department's  
38    Internet Web site and the full data shall be made available to the  
39    Legislature upon request.



1     (c) A licensee that fails to file a report under subdivision (a)  
2     shall be subject to subdivision (c) of Section 50307 and Section  
3     50326.

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5  
6     All matter omitted in this version of the bill  
7     appears in the bill as amended in the  
8     Assembly, April 23, 2007 (JR11)  
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